



ACCOUNTING

0452/22

Paper 2

March 2019

MARK SCHEME

Maximum Mark: 120

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the March 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **11** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Question	Answer						Marks																	
1(a)	Narinder General Ledger Purchases account						13																	
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1(b)	<p>1 February 2018 Balance b/d This is the amount of the provision for doubtful debts at the start of the financial year (1) Name of account: provision for doubtful debts account for the previous year } (1) Debit or credit: debit }</p> <p>31 January 2019 Balance c/d This is the total of the provision for doubtful debts at the end of the year/the provision required for the following financial year (1) Name of account: provision for doubtful debts account for the following year } (1) Debit or credit: credit }</p>	4																								
1(c)(i)	This is the difference between the opening and closing provision for doubtful debts/the amount which is needed to increase the provision to the required amount (1)	1																								
1(c)(ii)	Decrease profit	1																								

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2(a)	<p style="text-align: center;">Aysha Rent payable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td>Feb 1</td> <td>Balance b/d (1)</td> <td>1 000</td> <td>Jan 31</td> <td>Income statement (1)</td> <td>6 000</td> </tr> <tr> <td>Apl 30</td> <td>Bank } (1)</td> <td>3 000</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Oct 31</td> <td>Bank }</td> <td>3 500</td> <td></td> <td>Balance c/d</td> <td>1 500</td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">7 500</td> <td></td> <td></td> <td style="border-top: 1px solid black;">7 500</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Feb 1</td> <td>Balance b/d (1)OF</td> <td>1 500</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Aysha Rent receivable account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date</th> <th style="width: 35%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td></td> <td></td> <td>2018</td> <td></td> <td></td> </tr> <tr> <td>Feb 1</td> <td>Balance b/d (1)</td> <td>600</td> <td>Mar 31</td> <td>Cash } (1)</td> <td>800</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td>May 1</td> <td>Bank }</td> <td>2 000</td> </tr> <tr> <td>Jan 31</td> <td>Income statement (1)</td> <td>2 400</td> <td>2019</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">3 000</td> <td>Jan 31</td> <td>Balance c/d</td> <td>200</td> </tr> <tr> <td>2019</td> <td></td> <td></td> <td></td> <td></td> <td style="border-top: 1px solid black;">3 000</td> </tr> <tr> <td>Feb 1</td> <td>Balance b/d (1)OF</td> <td>200</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>+ (1) dates</p>						Date	Details	\$	Date	Details	\$	2018			2019			Feb 1	Balance b/d (1)	1 000	Jan 31	Income statement (1)	6 000	Apl 30	Bank } (1)	3 000				Oct 31	Bank }	3 500		Balance c/d	1 500			7 500			7 500	2019						Feb 1	Balance b/d (1)OF	1 500				Date	Details	\$	Date	Details	\$	2018			2018			Feb 1	Balance b/d (1)	600	Mar 31	Cash } (1)	800	2019			May 1	Bank }	2 000	Jan 31	Income statement (1)	2 400	2019					3 000	Jan 31	Balance c/d	200	2019					3 000	Feb 1	Balance b/d (1)OF	200				9
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2(b)	<p>February 6 Invoice (1) Aysha (1)</p> <p style="padding-left: 40px;">12 Debit note (1) Ravi (1)</p> <p style="padding-left: 40px;">14 Credit note (1) Aysha (1)</p>						6																																																																																																
2(c)	<p>Statement of account (1) Remind Ravi of the amount due/show the balance owing at the month end Summarise the transactions for the month Allow Ravi to check his records against it Any 1 reason (1)</p>						2																																																																																																

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2(d)	Ravi Aysha account <table border="1" data-bbox="284 349 1350 770" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> <th style="width: 15%;">Date 2019</th> <th style="width: 30%;">Details</th> <th style="width: 10%;">\$</th> </tr> </thead> <tbody> <tr> <td>Feb 14</td> <td>Returns (1)</td> <td>160</td> <td>Feb 1</td> <td>Balance b/d (1)</td> <td>400</td> </tr> <tr> <td>21</td> <td>Bank } (1)</td> <td>390</td> <td>6</td> <td>Purchases (1)</td> <td>560</td> </tr> <tr> <td></td> <td>Discount }</td> <td>10</td> <td></td> <td>Carriage (1)</td> <td>25</td> </tr> <tr> <td>28</td> <td>Balance c/d</td> <td>425</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black;">985</td> <td></td> <td></td> <td style="border-top: 1px solid black;">985</td> </tr> <tr> <td></td> <td></td> <td></td> <td>2019 Mar 1</td> <td>Balance b/d (1) OF</td> <td>425</td> </tr> </tbody> </table>						Date 2019	Details	\$	Date 2019	Details	\$	Feb 14	Returns (1)	160	Feb 1	Balance b/d (1)	400	21	Bank } (1)	390	6	Purchases (1)	560		Discount }	10		Carriage (1)	25	28	Balance c/d	425						985			985				2019 Mar 1	Balance b/d (1) OF	425	6
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2(e)	Ravi Journal <table border="1" data-bbox="397 871 1235 1167" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 15%;">Debit \$</th> <th style="width: 15%;">Credit \$</th> </tr> </thead> <tbody> <tr> <td>Aysha (purchases ledger account) (1)</td> <td style="text-align: right;">(1)</td> <td style="text-align: center;">230</td> <td></td> </tr> <tr> <td>Aysha (sales ledger account) (1)</td> <td style="text-align: right;">(1)</td> <td></td> <td style="text-align: center;">230</td> </tr> <tr> <td>Transfer of balance on a sales ledger to an account in the purchases ledger (1)</td> <td style="text-align: right;">(1)</td> <td></td> <td></td> </tr> </tbody> </table>								Debit \$	Credit \$	Aysha (purchases ledger account) (1)	(1)	230		Aysha (sales ledger account) (1)	(1)		230	Transfer of balance on a sales ledger to an account in the purchases ledger (1)	(1)			3																										
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3(b)	<p>Capital expenditure Money spend on acquiring, improving and installing non-current assets (1) Example Purchase of any non-current asset, legal costs for purchase of premises, cost of installation of non-current asset, cost of carriage on delivery of non-current asset, etc. Any suitable example (1)</p> <p>Capital receipt Amounts received which do not form part of the day-to-day trading activities (1) Example Receipt of loan, additional capital, proceeds of sale of non-current asset at book value, etc. Any suitable example (1)</p> <p>Revenue expenditure Money spent on the running of a business on a day-to-day basis (1) Example Any expense such as wages, rent, insurance, etc. Any suitable example (1)</p> <p>Revenue receipt Amounts received in the day-to-day trading activities and other items of income(1) Example Sales, commission received, interest received, rent received, etc. Any suitable example (1)</p>	8																		
3(c)(i)	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center;">\$</th> <th style="width: 30%;"></th> </tr> </thead> <tbody> <tr> <td>Cost of premises</td> <td style="text-align: right;">89 000</td> <td></td> </tr> <tr> <td>Legal fees</td> <td style="text-align: right;">5 050</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Decoration costs</td> <td style="text-align: right;">1 650</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">95 700</td> <td style="text-align: right;">(1)OF</td> </tr> </tbody> </table>		\$		Cost of premises	89 000		Legal fees	5 050	(1)	Decoration costs	1 650	(1)		95 700	(1)OF	3			
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4(c)	effect on profit for the year			effect on assets			8	
		over-stated	under-stated	no effect	over-stated	under-stated		no effect
	4	✓(1)						✓(1)
	5			✓(1)	✓(1)			
	6	✓(1)						✓(1)
7		✓(1)		✓(1)				

Question	Answer	Marks
5(a)	Inventory not sold as quickly in second year/inventory turnover reduced/ decreased/went down/fell from 9.45 to 8.17 May be the result of a slowing of sales activity/falling demand May be as a result of holding increased levels of inventory Money tied up in inventory for longer Or other suitable comments Any 2 comments (1) each	2
5(b)	Will not obtain cash discount May be charged interest on late payment Relationship with suppliers damaged May be using the funds for other purposes Or other suitable comments Any 2 comments (1) each	2
5(c)	Credit customers taking longer to pay their accounts Affects ability to pay credit suppliers Money is not available for other purposes Credit customers will not qualify for cash discount May be result of poor credit control Greater risk of bad debts Can charge interest on late payments Or other suitable comments Any 2 comments (1) each	2
5(d)(i)	$(31\,200 + 30\,900 + 14\,000 + 100) : (32\,000 + 10\,000)$ 76 200 : 42 000 (1) 1.81 : 1 (1)	2
5(d)(ii)	$(30\,900 + 14\,000 + 100) : (32\,000 + 10\,000)$ 45 000 : 42 000 (1) 1.07 : 1 (1)	2

Question	Answer	Marks																				
5(e)	Increase in inventory Increase in current liabilities Decrease in trade receivables Increased expenditure on non-current assets Repayment of long-term liabilities Decrease in bank balance/decrease in cash Increase in dividends Any 1 reason (1)	1																				
5(f)	<table border="1" data-bbox="368 584 1262 907"> <thead> <tr> <th></th> <th>increase</th> <th>decrease</th> <th>no effect</th> </tr> </thead> <tbody> <tr> <td>Proposal 1</td> <td></td> <td>✓(1)</td> <td></td> </tr> <tr> <td>Proposal 2</td> <td></td> <td></td> <td>✓(1)</td> </tr> <tr> <td>Proposal 3</td> <td>✓(1)</td> <td></td> <td></td> </tr> <tr> <td>Proposal 4</td> <td>✓(1)</td> <td></td> <td></td> </tr> </tbody> </table>		increase	decrease	no effect	Proposal 1		✓(1)		Proposal 2			✓(1)	Proposal 3	✓(1)			Proposal 4	✓(1)			4
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Proposal 4	✓(1)																					
5(g)(i)	Current ratio will increase (1) Current liabilities decrease: no change in current assets (1)	2																				
5(g)(ii)	Current ratio will increase (1) Current liabilities decrease: current assets decrease by a smaller amount (1)	2																				